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~~SECRET~~
11/14/77

THE AMBASSADOR
VIA DCM

ROBERT W. SCHERRER, LEGAL ATTACHE

PROJECTED SMEAR CAMPAIGN AGAINST
ECONOMY [MINISTER JOSE MARTINEZ DE HOZ] (S) (U)

On 11/12/77, an official of one of the Argentine military intelligence services provided the following information: (S) (U)

Source's service is in receipt of information, judged to be reliable, that the Argentine Navy plans to launch a campaign to discredit Economy Minister MARTINEZ DE HOZ on ideological grounds by disclosing that the Minister's brother-in-law, SANTIAGO JORGE BULLRICH, had proven and documented past connections with certain subversive organizations in Argentina. Source's service learned that the Argentine Navy plans to release information that BULLRICH was a member of the Agrupacion Reformista Universitaria (ARUBA) at the University of Buenos Aires in 1957. Allegedly, the ARUBA was a Communist-dominated student organization. In addition, source advised his service ascertained that the Argentine Navy intended to accuse BULLRICH of being a leader in the Federacion Juvenil Comunista (FJC). (S) (U)

Source's service, in evaluating the motivation of the Argentine Navy for attacking the Minister through his brother-in-law, feel that the foregoing is part of a recently launched campaign by the Argentine Navy to discredit and compromise the Minister for his economic policies, which in turn will discredit the Minister's supporters, i.e. the Argentine Army and in particular, President VIDELA. (S) (U)

Source advised that the information concerning BULLRICH's past subversive connections was definitely true and was reported in SIDE's summary of MARTINEZ DE HOZ' background submitted during his consideration for his present Cabinet post. However, source noted that BULLRICH's past subversive ties were strictly isolated to his student days and were not considered pertinent to MARTINEZ DE HOZ' suitability for a position of trust and confidence in the Government. (S) (U)

Source's information is especially interesting when considered with recently published data appearing in the Gaceta Naval pertaining to wages, prices, etc. (S) (U)

- 1 - Addressee
- 1 - POL
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- 1 - Buenos Aires (109-2)

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[SOURCE IS MAJOR JUAN LUCERO, SIE] (S) (U)
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109-2-1974

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MEMORANDUM OF CONVERSATION

SUBJECT: Argentine Political and Human Rights Developments

PARTICIPANTS: Dr. Ricardo Yofre, Under Secretary of the
Office of the President
Maxwell Chaplin, Chargé
Tony Freeman, Political Officer

DATE: November 8, 1977

PLACE: American Club

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Following are the highlights of Yofre's luncheon comments:

1. The railroad strike. The origins of the recent strike lie in the fact that many low-paid railroad employees did not receive the pay raises due them as a result of the October 1 increase in the minimum wage (to 30,000 pesos per month), i.e. many received less than this amount in their October pay envelope. This critical failure officially is being chalked up as having been caused by a computer error, but several of Martinez de Hoz' aides -- who are really to blame for the delay in implementing pay increases for the public enterprise sector -- probably will be given the axe as a result. Yofre denied that the Economy Minister's position was in any way threatened. Videla also emerged unscathed from the episode. However, wages are undoubtedly low, the economy is still sluggish and the country may have to withstand a small recession before more solid economic ground is reached.

2. Shifts in military command. Yofre did not accept the interpretation of some observers that the recent retirements and changes of command in the Army could be characterized as a Videla decision not to rock the boat. To the contrary, asserted Yofre, Videla's hand has now been strengthened vis-a-vis the Army hardliners. The retirement of Generals Azpitarte and Olivera Rovere has shifted the balance in the Army High Command in Videla's favor and the road is now clear for Videla to proceed with plans for his "political proposal." Among Videla's political allies in the High Command, Yofre listed Harguindeguy, Menendez and Galtieri. (Embassy Comment: "With friends like these...", as the old adage goes, we are not convinced that

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Videla's way is now suddenly clear for a breakthrough on the political and human rights fronts. In a previous conversation, Yofre outlined a plan to force hardliner General Suarez Mason's retirement. Videla's failure to achieve this goal at this time can only be regarded as a retreat.)

3. Peace by Christmas? In fact, Yofre gave us no cause for optimism that that there was a spectacular Videla move in the wind to improve the human rights situation. The Armed Forces are basically united in the belief that the only good terrorist is a dead terrorist, he said. He admitted to being personally disturbed about the implications of this policy, but that the military were committed to the "liquidation" of terrorism and the terrorists was an intractable fact of life. Nevertheless, the number of kidnappings was greatly reduced in recent months and Videla continues to achieve greater control over the Armed Forces. There are no operations in Buenos Aires now, Yofre maintained, which do not have First Corps Commander Suarez Mason's personal approval (!) The same is true for operations in the other Corps areas. (Comment: Of course, even if true, we hardly see this as a definitive solution to the problem.)

4. Timerman. The Armed Forces investigation unturned no hard evidence implicating Timerman with terrorism, but there was strong prejudice and lingering suspicion against Timerman in military circles because several of his staff writers in the past had turned out to be terrorist leaders and his paper in the early 70's carried articles romanticizing guerrilla motives. For many military men, Timerman was a symbol of everything that was rotten and corrupt in pre-coup Argentina. Yofre considered Timerman a scoundrel and a political chameleon, but the terrorist charge was a bum rap. The allegations of "economic subversion" related solely to David Graiver's ownership interest in Timerman's newspaper.

5. The Deutsch Case. Asked if it were true that the Maoist-oriented Revolutionary Communist Party (PRC) was a terrorist organization, Yofre replied that the government had to take at face value the report of the Third Army Command labelling the PRC as terrorist and linking several younger members of the Deutsch family to this organization in Cordoba.

6. Increase in Terrorist Acts. Beginning with the incidents on Peronist "Loyalty Day" in October, there has been an increase in Montonero bombing and assassination attempts, which Yofre linked to reports that Horacio Mendizabal, the second-ranking leader in the Montonero military organization, recently had infiltrated back into the country. Yofre said there was no doubt that the killing of his aide, sociologist Raul Castro Olivera, was the work of the Montoneros. The bombing of Labor Minister Liendo's office from which Liendo narrowly escaped with his life was also a Montonero act. The latter evidently was an inside job. (Comment: In past conversations, Yofre has been wont to see the hand of Admiral Massera in some terrorist acts against highranking members of the Videla government, including an attack against Yofre himself. Yofre's reliability as a source has been spotty at times. The main significance we see in Yofre's latest remarks

concerning the assassination of his aide and the bombing attempt at the Labor Ministry is that the Videla government evidently is not fanning the rumors which initially attributed these actions to the Navy.)

7. Preparations for the Vance Visit. Bearing in mind Deputy Foreign Minister Allara's tendency in the past to take a hardline approach to the human rights problem and his initial opposition to Videla's trip to Washington, we asked for Yofre's view of Allara's recent consultations with the State Department in preparation for the Secretary's visit to Argentina. Yofre showed no sign of concern which we could detect that Allara might not be representing Videla's best interests in his talks with the Department. Yofre answered the question straight, stating there may be some differences of nuance in the way the Foreign Ministry and Videla approach issues on the agenda. Videla will take a fundamentally political approach. In addition to human rights and nuclear cooperation, the Foreign Ministry will wish to discuss the Malvinas (Falkland Is.) problem, bilateral economic problems, North-South issues, and Argentina's role in the nonaligned bloc of nations.

Drafted by: *af*
A. G. Freeman

Cleared by: Maxwell Chaplin
DCM
(in draft) *af*